

The
NEW WORLD
of WELFARE

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Editors

BROOKINGS INSTITUTION PRESS
Washington, D.C.

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Library of Congress Cataloging-in-Publication data

The new world of welfare / Rebecca M. Blank and Ron Haskins, editors.

p. cm.

Includes bibliographical references and index.

ISBN 0-8157-1010-0 (alk. paper) — ISBN 0-8157-1011-9 (pbk. : alk. paper)

1. Public welfare—Government policy—United States. 2. United States—Social policy. 3. United States—Economic policy. I. Blank, Rebecca M. II. Haskins, Ron.

HV95.N456 2001

362.5'8'0973Cdc21

2001003367

9 8 7 6 5 4 3 2 1

The paper used in this publication meets minimum requirements of the American National Standard for Information Sciences—Permanence of Paper for Printed Library Materials: ANSI Z39.48-1992.

Typeset in Adobe Garamond

Composition by Betsy Kulamer
Washington, D.C.

Printed by R. R. Donnelley and Sons
Harrisonburg, Virginia

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Welfare Reform and Children's Well-Being

EARLY RETURNS ON WELFARE REFORM appear to be stunningly positive. Caseloads fell by half between 1993 and 2000, and many of those who left the welfare rolls joined the work force. But lost in the caseload counts and political rhetoric is the subject of this chapter: the impact of welfare reforms on children's well-being and development. Despite the professed child-based goals of the reform legislation, remarkably little attention has been paid to tracking and understanding its impacts on family functioning and children's well-being.

To be sure, the debate surrounding welfare reform was filled with assumptions and predictions about the proposed reforms and children. Conservative advocates argued that reform-induced transitions from welfare to work benefit children by making positive role models of their working mothers, promoting self-esteem and a sense of control among mothers, introducing productive daily routines into family life, and eventually fostering career advancement and higher earnings on the part of both parents and children. Most prominently, conservatives argued that the reforms would eliminate our welfare "culture" by sending a powerful message to teens that it is in their interest to postpone childbearing until they can support their children within the context of marriage.

On the more liberal side of the aisle, opponents argued that the reforms would overwhelm severely stressed parents, deepen the poverty of many fam-

ilies, force young children into unsafe and unstimulating child care, and reduce parents' abilities to monitor the behavior of their adolescents, leading to deleterious child and adolescent functioning. The direst rhetoric spoke of children "sleeping on the grates."

This chapter sorts through the conflicting theory and evidence regarding the impacts of welfare reform on children by addressing five questions:

- How might reforms affect family functioning and children's well-being?
- Is children's development affected by welfare reforms?
- How do the effects on children vary with the structure of reforms?
- What changes in family functioning account for the effects on children?
- What additional policy changes will enhance children's well-being?

We find strong evidence that welfare reform can be a potent force for enhancing the achievement and positive behavior of children in preschool and elementary school. Even when a welfare reform package does not help children, there is little evidence of harm. On the other hand, reform-induced reductions in maternal supervision may well increase problem behavior among adolescents.

Distinguishing among programs, we find that reforms with work mandates but few supports for working mothers (such as wage and child care subsidies) appear significantly less beneficial for children than programs that provide such supports for full-time workers. Furthermore, and here the evidence is less definitive, changes outside the family—such as use of child care and after-school programs—appear to have more positive impacts on children than changes in parental mental health, family routines, or other aspects of the home environment.

Finally, even though reforms may help reduce problems of poverty, mental health, domestic violence, and children's health and development, those problems remain alarmingly common even among families offered a generous package of work supports.

Our list of policy recommendations includes ways of better supporting work and of addressing safety-net issues for families with barriers to stable, full-time employment.

How Might Reforms Affect Families and Children?

When pushed to discuss how children may be helped or hurt by welfare reforms, federal policymakers, state administrators, state legislators, and advocates identify three key pathways—maternal employment, family structure, and family income (Duncan and Chase-Lansdale, 2001; Moore, 2001). Above all, children are seen to benefit from maternal employment, which is

presumed to enhance mothers' self-esteem, as well as from the discipline and structure that work routines, in contrast to welfare dependence, impose on family life. In this view, children's developmental needs are addressed indirectly, but effectively, by policies that promote mothers' transition from welfare to work.

A different, family-structure-based view of how welfare reform might promote children's well-being is featured in the preamble to the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). It identifies marriage as "an essential institution of a successful society which promotes the interests of children," posits that "responsible fatherhood and motherhood [are] integral to successful child rearing and the well-being of children," and declares that the "prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth are very important Government interests."

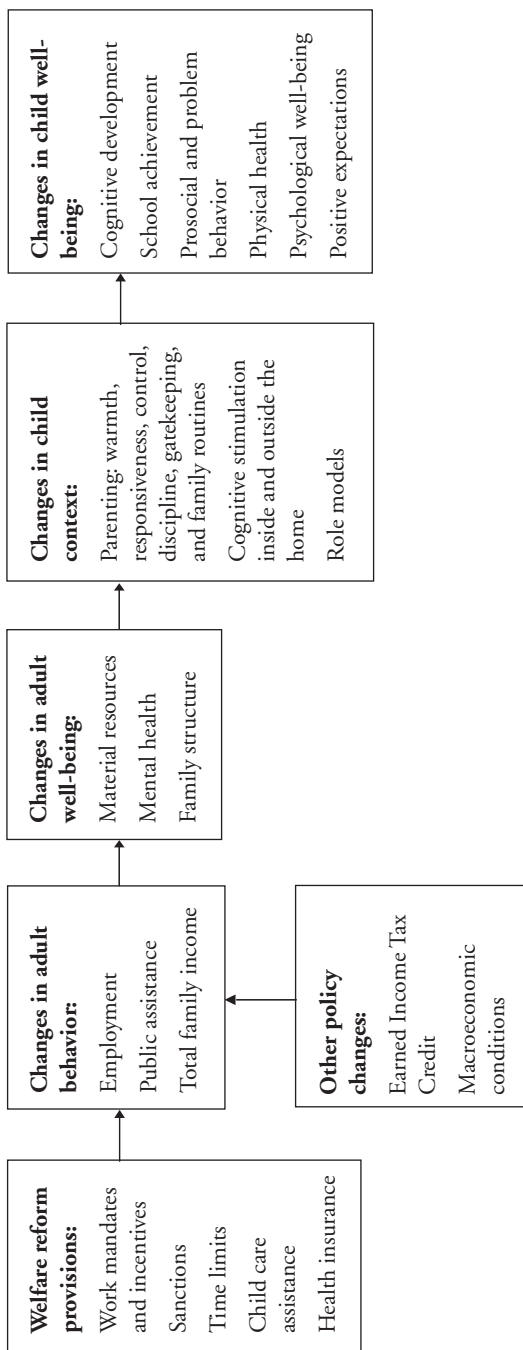
A third, resource-based, view of links between reforms and children's well-being stresses the role of family income. Armed with forecasts of dramatic increases in child poverty, critics of welfare reform focused on the likely detrimental effects on children's well-being stemming from reduced family income. Proponents were more optimistic that earnings growth and marriage would elevate family income above the level provided by welfare benefits.

A more comprehensive framework for assessing how welfare reforms might change children's well-being for better or for worse, presented in figure 15-1, has been formulated by developmental and policy researchers (see, for example, Huston, forthcoming; Chase-Lansdale and Pittman, forthcoming; Moore, 2001). Listed at the far right are outcomes that might be affected by welfare reforms: cognitive development and school achievement, prosocial and problem behavior, mental and physical health, and positive expectations about and aspirations for future achievement.

Welfare Reform Provisions

At the far left of figure 15-1 are key welfare reform provisions: work mandates and incentives, sanctions, time limits, child care policy, and health insurance. Work requirements and time limits on total receipt of assistance are the most widely noted provisions of the 1996 legislation. But the legislation also allowed states to develop sanction policies for noncompliance as well as financial incentives, child care, and health insurance programs to help support welfare-to-work transitions. Other important policy changes, in particular the mid-1990s expansion of the Earned Income Tax Credit and increases in the minimum wage, have also had a bearing on the relative attractiveness of work and welfare. How might these provisions have affected family functioning and children's well-being?

Figure 15-1. *Welfare Reform and Children's Well-Being*



Changes in Adult Behavior and Well-Being

Changes in adult work, welfare receipt, and family income are the primary targets of welfare reform and constitute the first link between reforms and children's well-being shown in figure 15-1. Welfare reform's mandates, sanctions, and incentives, combined with a booming economy and a generous Earned Income Tax Credit, have produced both an extraordinary increase in the fraction of single parents in the labor market (see Blank and Schmidt, chapter 3) and an unprecedented drop in caseloads. The net impact of these changes in work and welfare on total family income and poverty (see Haskins, chapter 4) is important given the evidence that economic deprivation during childhood (and especially early childhood) hinders eventual achievement (Duncan and others, 1998).

Changes in paid work, welfare receipt, and total family income may in turn influence how parents allocate their time; the material resources provided by the cash and in-kind income from their jobs and other sources of public and private support; parental mental health; and even the structure of the family itself.

The net impact of welfare reform-induced changes in work and welfare on families' material resources is likely to vary considerably from one family to the next. Work-related expenses such as child care, transportation, and clothing reduce disposable income by an average of \$300 per month (Edin and Lein, 1997). On the plus side, even though the initial jobs taken by former recipients may not pay very much, reformers hope that that earnings growth will eventually boost disposable income far above the level of welfare cash grants.

As for impacts on parents' mental health, many studies have documented extraordinarily high levels of depressive symptoms among welfare-reliant single parents (Bos and others, 1999; Zedlewski and Loprest, chapter 12). McLoyd and her colleagues (1994) found considerably greater stress among unemployed than employed single mothers, a finding that suggested employment may improve mothers' mental health. But a comparison of the mental health of low-skilled, welfare-reliant, and working single mothers found no differences in depression, stress, or sense of control, a finding that suggests that merely exchanging welfare for work may do little to improve maternal mental health (Chase-Lansdale and Pittman, forthcoming).

The collective impact of the labor market and welfare system on family structure—marriage, cohabitation, three-generation living arrangements, and fertility—and of family structure on children's well-being are vital issues for children. Recent trends in those areas are reviewed in the chapters by Murray and by Horn and Sawhill in this volume; the links between family structure

and children's well-being are reviewed in McLanahan and Sandefur (1994) and Chase-Lansdale and others (1999).

Changes in Child Context

Parenting and the role models parents provide to their children determine the context within which a child develops. Most of these elements of family functioning could be affected by the work and income changes wrought by welfare reform. Key dimensions of parenting include warmth, responsiveness, and involvement with the child; cognitive stimulation at home; limit-setting and supervision; parents' gatekeeping of the outside world of peers, kin, child care programs, schools, and other neighborhood resources; and the creation of structure and meaning within the home environment (Chase-Lansdale and Pittman, forthcoming).

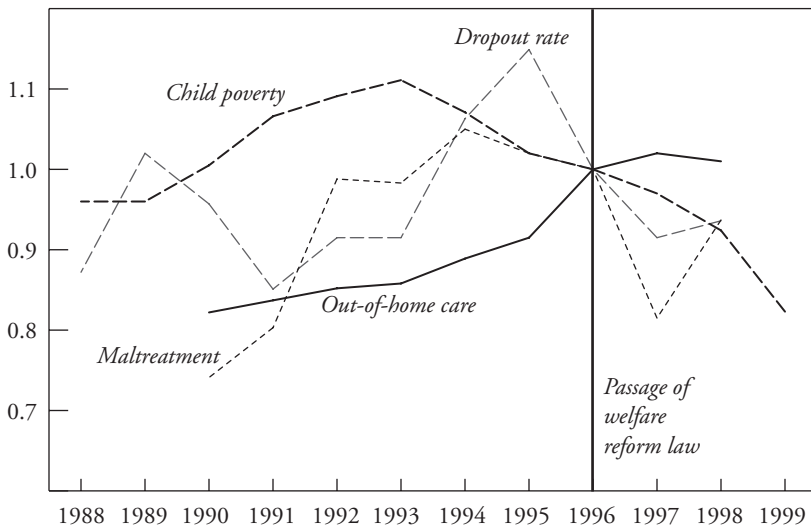
Infants and toddlers rely on parents or "attachment figures" to provide a secure base from which they actively explore the environment and an important emotional foundation for later development (Cassidy and Shaver, 1999). Although it might be feared that mothers' entry into the labor force could compromise children's attachment, research tends to show that this does not happen (Hoffman and Youngblade, 1999).

The stimulation provided in home environments (see Bradley, 1995), by child care providers, and through community resources such as parks and museums, appears important for the cognitive development of infants, toddlers, and young children. Family income has been shown to be a strong predictor of the quality of these environments, leading both to hopes that reform-induced increases in income will improve children's environments and to fears that income losses will compromise them (Garrett, Ng'andu, and Ferron, 1994). As for child care outside the home, intensive, education-based preschool programs have been shown to provide long-lasting beneficial impacts on the achievement and behavior of low-income children, while more modest differences in child care quality have uncertain impacts on developmental outcomes (NICHD, 1998).

Parents' discipline style and level of supervision are key ingredients in children's healthy development (Bornstein, 1995). Parents who know where their teenagers are and set limits (such as curfews and rules of conduct), but also grant some autonomy, have children with fewer behavior problems, including lower levels of drug and alcohol use, school suspensions and expulsions, and police involvement. Parents who serve effectively as gatekeepers to the world can foster their children's participation in activities and programs outside the home and promote more positive peer interactions, greater feelings of self-worth, and advances in learning (Furstenberg and others, 1999).

Figure 15-2. *Trends in Child Problem Indicators, 1988–99*

Level relative to 1996



Source: Authors' compilations of data presented in table 15-1.

To the extent that welfare reform provides parents with more economic resources, after-school programs and other community resources become more affordable, as does the possibility of moving to neighborhoods with fewer deviant peers and more community resources. “Social capital” connections secured from co-workers may further link families with community resources. On the negative side, welfare-induced transitions to work may reduce parents’ ability to perform their gatekeeping role, particularly during the key period between the end of school and dinnertime, when much delinquent behavior takes place.

Welfare Reform’s Impacts on Children’s Development

Caseload and employment statistics are compiled and released much more frequently than are indicators of children’s well-being. Although we would like to show and account for trends in the cognitive development, school achievement, problem behavior, health, and other domains of children’s well-being depicted in figure 15-1, there are few studies that provide pre- and postwelfare reform measures of these outcomes. In figure 15-2 we have compiled time-series data on several relevant indicators, paying particular attention to indicators of problems that might develop if families are harmed by

reforms. More complete information on these and several other indicators is presented in table 15-1.

The indicators in figure 15-2 are scaled so that all have values of 100 in 1996, the year before the 1996 welfare reform law was implemented. Values for other years are expressed in relation to their 1996 values. For example, 19.8 percent of children were poor in 1996, and 16.3 percent were poor in 1999. Expressing the 1999 value as a fraction of its 1996 value gives .823 (16.3/19.8) and shows that child poverty fell by about one-sixth between those years.

Had the direst predictions of opponents of the reforms come to pass, we would observe problem indicators in the late 1990s to be well above their 1996 levels. This is the case for none of the indicators, although the rate of children's placements in foster and other out-of-home care and the rate of 6- to 8-year-old children behind in grade for their age was slightly higher than in 1996. In sharp contrast to the predictions of increasing children's poverty during the PRWORA debate, the 1999 poverty rates, regardless of measurement, are well below their 1996 levels (see Haskins, chapter 4). Teen birth and crime rates have fallen as well.

Apart from showing that the sky has not fallen, it is all but impossible to draw firm conclusions from these simplistic comparisons of welfare reform's impacts on children. Waivers granted to most states before the 1996 legislation led to an earlier implementation of many elements of the reforms. More important, the problem-solving impacts of the booming economy of the mid-to-late-1990s may be concealing adverse impacts of reforms that would have appeared under more normal economic conditions and may yet appear as the economy loses some of its luster.

Inferring causal connections between elements of welfare reform and child outcomes from these kinds of data requires consistent state-by-state measurements of the indicator spanning at least the decade of the 1990s (National Research Council, 2001). Furthermore, the data need to be compiled separately for demographic groups (such as single-parent and married-couple families; low- and highly educated women) at differential risk of being affected by the reforms. Among national surveys, only the Current Population Survey is large and frequent enough to provide the needed data on its topics—welfare receipt, work, family poverty, family structure, and education. Vital statistics on fertility and mortality and other administrative data on the details of welfare recipients, child protective services, and juvenile crime have the potential to be used in these ways, although the task of assembling the needed data is formidable (National Research Council, 2001). Sorely lacking as well are data on positive indicators of children's well-being (Moore, 1997).

Table 15-1. Trends in Negative Indicators of Children's Well-Being, 1988-99

Indicator	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<i>Poverty rate</i>												
Official												
Children under 18	19.5	19.6	20.6	21.8	22.3	22.7	21.8	20.8	20.5	19.9	18.9	16.9
Related children under 6	21.8	21.9	23.0	24.0	25.7	25.6	24.5	23.7	22.7	21.6	20.6	18.0
After-tax, including additional benefits												
Children under 18	n.a.	n.a.	n.a.	n.a.	n.a.	16.9	15.0	13.8	13.4	13.2	12.5	10.9
Related children under 6	n.a.	n.a.	n.a.	n.a.	n.a.	19.0	17.6	16.3	15.5	14.7	14.0	11.6
Deep poverty rates (income < .50 of poverty threshold)												
Children under 18	9.0	8.2	8.8	9.8	10.2	10.1	9.8	8.5	9.0	9.0	8.1	6.9
Related children under 6	10.2	9.4	10.3	11.2	11.9	11.8	11.5	10.4	10.5	10.1	9.4	7.6
<i>Child maltreatment</i>												
Substantiated reports of child maltreatment (per 1,000)	n.a.	n.a.	11.9	12.9	15.8	15.7	16.7	16.3	16.0	13.1	15.0	n.a.
Children in out-of-home care (per 1,000)	n.a.	n.a.	6.3	6.4	6.6	6.6	6.8	7.0	7.7	7.8	7.8	n.a.
<i>Academic performance</i>												
Children below modal grade, 6-8-year-olds ^a	20.4	21.4	21.5	21.2	19.4	18.7	18.9	17.5	17.9	18.6	19.0	n.a.
Dropout rate, grades 10-12	4.8	4.5	4.0	4.0	4.3	4.3	5.0	5.4	4.7	4.3	4.4	n.a.
<i>Adolescent problem behavior</i>												
Teenage birth rate, 15-17-year-olds (per 1,000 females)	26.4	28.7	29.6	30.9	30.4	30.6	32.0	30.5	29.0	28.2	27.0	n.a.
Juvenile arrests, 10-17-year-olds (per 1,000)	76.0	77.3	80.3	83.8	82.3	84.4	92.8	91.6	95.2	92.2	85.7	n.a.

Sources: U.S. Bureau of the Census, Current Population Survey (poverty rate, children below modal grade, and dropout rate); Paxson and Waldfogel (1999) and Voluntary Cooperative Information System of the American Public Human Services Association (child maltreatment); National Center for Health Statistics (2000) (teenage birth rate); Office of Juvenile Justice and Delinquency Prevention (2000) (juvenile arrests).

n.a. Not available.

a. Modal grade is the year of school in which the largest number of students of a given age are enrolled.

A handful of careful studies have attempted a more complete accounting of the impacts of reforms and the economy on some of these indicators. As reviewed in the Haskins chapter in this volume, some have dispelled fears that reforms have produced a wholesale increase in economic deprivation among children. In analyzing child maltreatment data, Paxson and Waldfogel (1999) found that rates of substantiated maltreatment and out-of-home placements increase systematically with higher rates of family poverty and lower welfare benefit levels. Higher rates of out-of-home placement appear linked to several elements of welfare reform, although the authors hasten to qualify this result with the observation that these placements may be with relatives and represent a way of bringing more resources to the extended family.

The dearth of systematic evidence of national and especially state trends in child outcomes leads us to focus on results from experiments begun in the early-to-mid-1990s that implemented different welfare reform packages and tracked family process and children's well-being (Morris and others, 2001). A great virtue of these experiments is that participants were randomly assigned to a "program group" that received the welfare reform package or to a "control group" that continued to live under the old rules of the Aid to Families with Dependent Children (AFDC) program. Random assignment provides a very strong basis for comparing the causal impacts of the reform packages with those of the old AFDC system.

Relying on evidence from experiments has its limitations, however. Because the states' responses to the 1996 legislation and all of the experimental treatments involve packages of changes, it is difficult to identify which components were the primary influences on children's well-being or family process. The treatments in these experiments represent neither the full range of Temporary Assistance for Needy Families (TANF) programs implemented by states nor the macroeconomic conditions—both good and bad—that states currently face or are likely to face in the next decade. Furthermore, because the experiments were implemented on a small scale, they probably generated few of the larger-scale changes in norms and expectations regarding work and childbearing that might accompany the full-scale implementation of the programs they tested.

The evidence compiled by Morris and her colleagues (2001) comes from five experiments:

—The National Evaluation of Welfare-to-Work Strategies (NEWWS) included two kinds of programs—labor force attachment (LFA) and human capital development (HCD)—offered to welfare recipients in Atlanta; Grand Rapids, Michigan; and Riverside, California (Hamilton, 2000; McGroder

and others, 2000). LFA programs required most participants to look immediately for work; HCD programs placed participants in adult basic education and vocational training courses. None of the NEWS treatments provided wage supplements or other work-related financial incentives.

—The Minnesota Family Investment Program (MFIP) combined participation mandates, “make-work-pay” incentives, and services in a way that constitutes a somewhat more generous version of Minnesota’s current TANF program (Gennetian and Miller, 2000). The evaluation focused on two programs: “Mandatory MFIP,” which allowed working welfare recipients to keep more of their welfare income when they went to work and included a participation mandate of thirty or more hours per week, and “MFIP Incentives Only,” which included all of the features of the Mandatory MFIP program without the participation mandates.

—The Canadian Self-Sufficiency Project (SSP) was a pure “make-work-pay” approach offering a very generous but temporary (three-year) earnings supplement for full-time work (thirty or more hours per week) (Morris and Michalopolous, 2000). The earnings supplement was a monthly cash payment available to single-parent welfare recipients who had been on welfare for at least one year and who left welfare for full-time work within a year of entering the program.

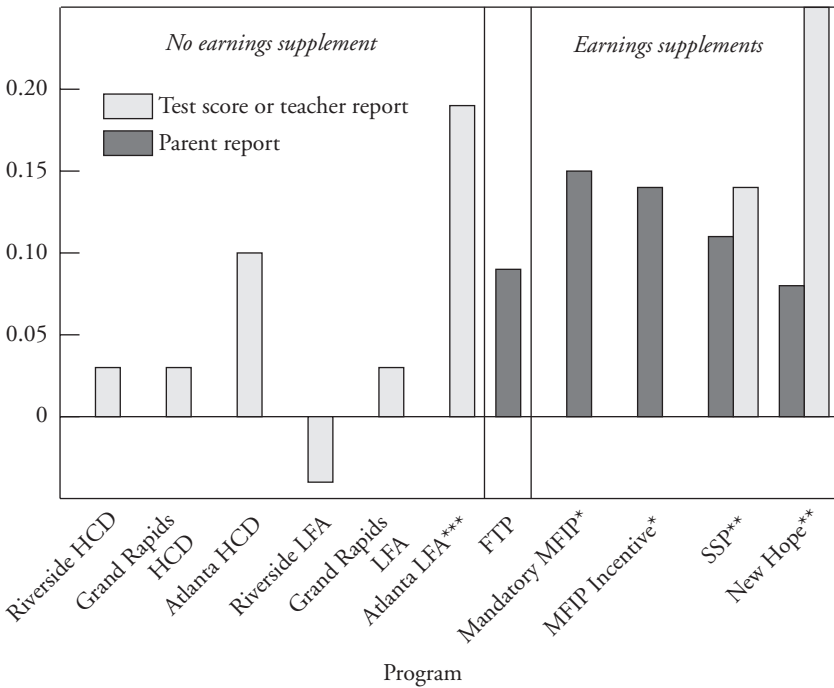
—Milwaukee’s New Hope Project combined various “make-work-pay” strategies with employment services (Bos and others, 1999). For parents who worked thirty or more hours per week, New Hope provided an earnings supplement, child care, health insurance subsidies, and if needed, a short-term community service job. Participants in the New Hope experiment volunteered for the program.

—Florida’s Family Transition Program (FTP) was the only experiment to include a time limit, in this case twenty-four months of cash assistance in any sixty-month period (Bloom and others, 2000). FTP also had a small earnings supplement, a participation mandate, and fairly intensive case management. Parents with school-age children were required to ensure that their children attended school regularly and to speak with their children’s teachers each grading period.

Impacts on Elementary School-Age Children

Figure 15-3, drawn from Morris and others (2001), compares each program’s effect on the school achievement of the children in the program with the control groups. Programs are arrayed according to the work supports they provided participants and, for the NEWS sites (none of which involved

Figure 15-3. *Impacts of Selected Programs on Young Children's Achievement*^a
Effect size



Source: Pamela Morris and others (2001).

*p < .10

**p < .05

***p < .01

a. HCD = human capital development; LFA = labor force attachment; FTP = Family Transition Program (Florida); MFIP = Minnesota Family Investment Program; SSP = Self-Sufficiency Project (Canada).

financial incentives or other work supports), whether the program stressed education or just work. With its modest work supports and time limits, FTP occupies a hard-to-characterize middle category in the figure.

Several important lessons emerge from these experiments:

One lesson is that *welfare reform packages can have positive impacts on children's achievement and behavior*. In the case of New Hope, teachers blind to the experiment reported the academic achievement of program children to be significantly higher than that of control children, with the effect size amounting to one-fourth of a standard deviation. Boys in particular seemed to benefit: for them the program impact was more than one-third of a standard deviation. Smaller, but still significant, achievement impacts were found

in the Minnesota MFIP, the Canadian SSP, and the Atlanta LFA site of NEWWS.

Problem behaviors and health were also measured in these studies. Beneficial impacts on children's problem behavior appeared for some but not all of the programs with earnings supplements (data not shown). Among programs with no earnings supplements, only the Atlanta LFA site showed beneficial impacts on behavior. In Florida, there was a significant but negative program impact on children's positive behavior, although no impact—positive or negative—on parents' reports of problem behavior among their young children.

All but one of the studies also asked parents to rate their children's health. There were relatively few program impacts on the health status of these preschool- and early elementary-school-aged children. Small positive health impacts were observed in the SSP and FTP; larger and negative health impacts were observed in the Riverside site of NEWWS. It is hard to know what to make of this latter result. Any harmful child impacts should raise red flags, but in this case there are no other clues in the data that explain the impact.

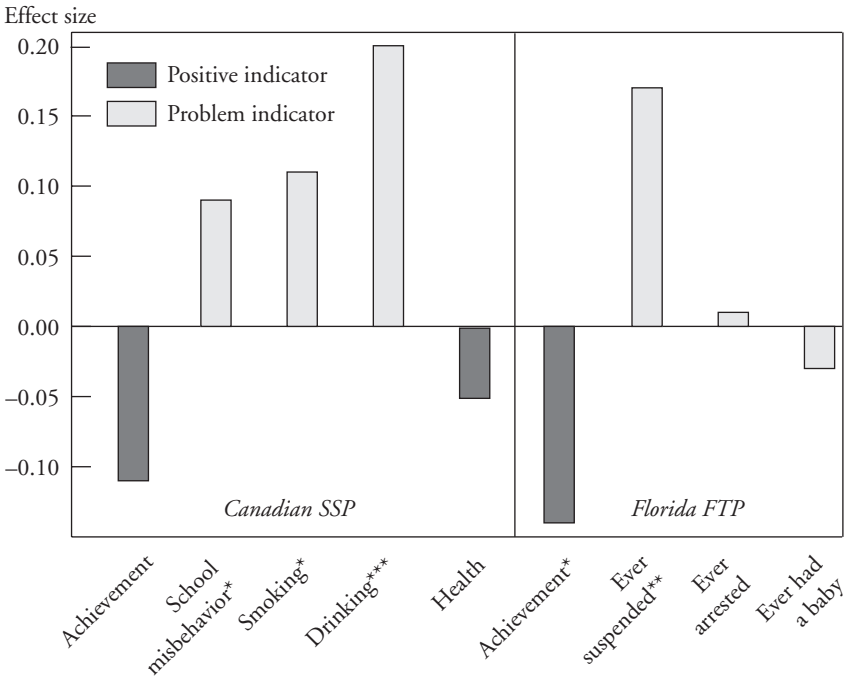
Morris and her colleagues (2001) investigated differences in program impacts on these elementary-school-aged children across a range of subgroups of interest. Particularly noteworthy was their finding that children in the most disadvantaged long-term recipient families often seemed to benefit the most.

Thus, bearing in mind the exceptional Riverside result, the more general conclusion from the diverse experiments is that *there is little evidence that elementary-school-aged children are harmed by the welfare reform packages built into the experiments*. Critics' fears that preadolescent children's development might be compromised by the stresses and disruptions wrought by welfare-to-work transitions receive virtually no support in these experimental data. We hasten to repeat that the treatments in these experiments do not encompass the full range of reforms implemented by states.

Impacts on Adolescents

For adolescents, the pattern of impacts changes for the worse. Both SSP and FTP evaluated the impacts on various positive and negative indicators of adolescents' well-being (see figure 15-4) (Morris and others, 2001, table A.8). The unfavorable impacts were consistent and striking: positive indicators such as achievement declined, and indicators of negative problem behavior increased. The SSP data showed that teen self-reports of drinking and smoking, as well as parental reports of school achievement and problem behavior, were significantly worse in the program group than in the control group. In the FTP

Figure 15-4. *Effects of Canada's SSP and Florida's FTP Program on Adolescents^a*



Source: Pamela Morris and others (2001).

* $p < .10$

** $p < .05$

*** $p < .01$

a. FTP = Family Transition Program (Florida); SSP = Self-Sufficiency Project (Canada).

sample, parents in the experimental group reported lower levels of achievement and more suspensions than did the parents of teenagers in the control group. Thus the experiments showed that *work-focused reforms may put adolescents at greater risk of problem behavior and poor academic achievement.*

Not All Younger Children Are Doing Well

The positive evidence of favorable program impacts on younger children in several studies should not be taken to indicate that all children lucky enough to be randomized into the treatment groups of the most generous program were doing well. The top panel in table 15-2 shows several indicators of problems among children gathered from the reports of the three studies with

Table 15-2. *Negative Indicators of Well-Being among Children, Mothers, and Families in New Hope, MFIP, and SSP^a*

<i>Indicator</i>	<i>Percent</i>	<i>Study</i>
<i>Child indicator</i>		
Teacher reports child "not making normal progress"	44	New Hope
Child's health "fair" or "poor" as rated by mother	25	MFIP
Child is in special education	18	MFIP
Child has high levels of behavioral or emotional problems	7	MFIP
Child has "long-term problems" (such as asthma, bronchitis, emotional and learning impairments)	26	SSP
Adolescent at risk for depression	46	SSP
<i>Maternal indicator</i>		
Mother at risk of chronic depression	29	MFIP
Mother abused in the past three years	49	MFIP
Mother stressed "much or all of the time"	27	New Hope
<i>Family indicator</i>		
Earned income below the poverty line	65	MFIP
Food insufficiency	6	MFIP
Recent periods without health insurance	44	New Hope

Source: Authors' compilations of data.

a. MFIP = Minnesota Family Investment Program, and data are for long-term AFDC recipients in the program group. SSP = Canadian Self-Sufficiency Project. New Hope data are for long-term AFDC recipients in the program group.

the greatest success in promoting children's well-being: New Hope, MFIP, and SSP. Teachers reported that nearly half the program children were not making "normal progress" in New Hope, and nearly half of the adolescents in SSP reported near-clinical levels of depressive symptoms. Health and developmental problems were also quite widespread, despite the favorable average impacts of the programs that the families of these children had been offered. Thus another lesson of the experiments is that even in families offered generous work supports, there were many children with school or health-related problems.

How Do Child Impacts Vary with the Structure of Reforms?

A crucial message from the experiments is that welfare policies directed largely at adult behavior can have important impacts on children's development. But large positive child impacts were more the exception than the rule. What key features of programs promoted children's development?

To answer this question, Morris and her colleagues (2001) classified experiments by their structure (for example, whether they provided work-conditioned financial and in-kind supports; whether they promoted maternal work or schooling; whether they mandated participation) and then related that structure to the impacts on children. In the following section we look at the experiments that promoted children's well-being to identify the adult behaviors and child contexts that affected children's well-being.

In figure 15-3 the programs are listed from left to right according to the generosity of work supports offered by each one. The pattern of increasingly favorable impacts suggests that *programs with the most generous work supports appear to have more consistently positive impacts on children than programs with no supports.*

This is particularly true for achievement outcomes. All three programs that supported work and required thirty or more hours of work had some positive impacts on achievement outcomes for elementary-school-aged children. Mothers in the program groups of all three demonstrations were more successful in increasing their employment and earnings and in decreasing their reliance on welfare than were mothers in the control groups. Poverty was also significantly reduced in all three demonstrations. Although the Atlanta HCD and LFA sites also produced positive impacts on children's school-readiness test scores, the other HCD and LFA programs in NEWWS did not. Thus the Atlanta result appears to be a site effect rather than a program effect.

Because of its unusual design, MFIP enabled Morris and her colleagues (2001) to disentangle the effects of mandatory and voluntary employment on child outcomes and family functioning (see figure 15-3). The lack of differences suggests that *MFIP's child impacts were about as positive in the mandatory program as in the voluntary program.*

Finally, the FTP evaluation adds important information on the possible impacts of time limits, although in the FTP case the time limit was approached cautiously by welfare officials and bundled together with intensive case management. Subject to these qualifications, the inconsistent and usually insignificant pattern of impacts in Florida suggests that *time limits appear to neither help nor harm children very much.*

What Changes in Family Functioning Account for the Child Impacts?

We turn now to the evidence on which components of family functioning appear to have improved children's well-being. Our summary synthesizes evi-

dence reported in Morris and others (2001) as well as in the detailed project reports.

A first important generalization is that changes in activities outside the family—after-school programs, child care, community programs—appear to be more important than within-family changes in parenting, parental mental health, and family routines in accounting for improved children's well-being. Why is this the case? *Parental gatekeeping was enhanced in most of the studies with positive child impacts.*

In New Hope, SSP, and Mandatory MFIP, mothers in the program groups were more likely to enroll their children in formal child care programs than were mothers in the control group. In New Hope and SSP, program mothers were also more likely to enroll their children (sons more than daughters in New Hope) in after-school programs and extracurricular activities. For MFIP, one of three measures of out-of-school activities found fewer experimental children enrolled in lessons, clubs, and activities, but there were no significant differences in the use of extended-day programs or extracurricular activities. Thus evidence from two of the experiments suggests that parents used their increases in work-related resources to invest in structured programs for their children outside the home.

Dimensions of parenting other than gatekeeping were not much affected by the programs. Evaluations of all five programs showed very few differences in family life and parenting between mothers in the program groups and those in the control groups. The size and nature of the list of “dogs that didn't bark” is impressive and includes parental control, cognitive stimulation in the home, family routines, and harsh parenting. There was a reduction in parental warmth in SSP and NEWWS; however, this was only for the youngest group of children in SSP and for one of the six NEWWS sites. The conclusion can be drawn that *the experiments failed to improve mothers' mental health or parenting.*

Contrary to the hopes of many welfare reformers, work preparation and even employment itself did little to improve mothers' mental health. Only in the MFIP incentives-only group, for whom employment was voluntary, was there a significant reduction in depression. In New Hope, parents in the program group reported less stress and greater hope of achieving life goals, but more time pressures than the control group. These differences were modest, and New Hope program participants did not differ from the control group in depression, self-esteem, mastery, or financial worries. A likely reason for the general lack of improvement in mental health is the continuing difficulty inherent in combining childrearing with employment in the context of economic hardship.

The MFIP study is remarkable in two other ways. First, it produced rather striking impacts on family structure. Single parents in the MFIP program were a little more likely to marry than single parents in the control group (11 percent and 7 percent, respectively), and married parents in the program group were much more likely to stay married than married families in the control group (67 percent and 49 percent). With the exception of the Riverside LFA site, no family-structure impacts were found in NEWWS; nor were they apparent in New Hope or FTP. In SSP, favorable marriage impacts were observed in one of the two Canadian provinces, but only for parents of the older cohort of children. Thus *two-parent family structures were promoted by one of the programs but not by the others.*

Second, MFIP produced a substantial drop in the rates of domestic violence against mothers in the program. The Florida FTP experiment also measured domestic violence but found no program impact. Thus *one of two programs reduced domestic violence.*

Finally, we return to the issue of the distribution of well-being, in this case among families assigned to the program group in the three most generous studies. The middle and bottom panels in table 15-2 show several indicators of negative well-being among program-group mothers and families in the three studies with the greatest success in promoting children's well-being, New Hope, MFIP, and SSP. There were many problems. Despite the reduction in abuse relative to the control group, half of the mothers in the MFIP program group reported having been abused during the three-year course of the experiment, and more than one-fourth of them were at risk of depression. Despite the program-induced increases in income, more than half of MFIP families had incomes from welfare, earnings, and the Earned Income Tax Credit (EITC) that were below the poverty threshold, although few reported episodes of food insufficiency. Nearly half of New Hope program families lacked health insurance for their children. Thus *even among families offered generous work supports, economic problems, domestic violence, and maternal health problems were alarmingly common.*

What Policy Changes Will Enhance Children's Well-Being?

The random-assignment feature of welfare experiments from the 1990s provides unusually strong evidence on which welfare reform provisions, relative to the old AFDC system, appear to enhance children's well-being. Although the evidence does not allow us to judge the likely impacts of the full range of diverse TANF packages implemented by states in the late 1990s, it provides

guidance for the implementation of welfare reform and future changes in the federal law. On the basis of this research we recommend that new policies support low-income working families; develop intensive programs to address the needs of problem families unable to secure stable employment; and, more generally, address the developmental needs of low-income children.

Supporting Work

A key finding from the experiments is that child achievement and behavior improved more consistently in programs that provided financial and in-kind supports for work than in those that did not. The packages of work supports were quite diverse. The Canadian SSP offered a powerful but simple financial incentive—a payment of half the difference between a target level of earnings (\$30,000 [Canadian] in the New Brunswick site; \$37,000 in British Columbia) and an individual's earned income, but no other transfers, conditioned on working at least thirty hours per week. The New Hope program offered a more comprehensive support program that combined a wage supplement, child care assistance, health insurance, a temporary community service job, and supportive caseworkers; again, these supports were available only to families who worked thirty or more hours per week. The Minnesota MFIP program combined higher benefit levels and more generous work disregards, and also required at least thirty hours of work. Thus, *to achieve positive child impacts it appears that states need to go beyond work mandates and provide cash rewards or in-kind supports for the mandated work.*

Although more costly than the “work first” approach taken by NEWWS, both MFIP and New Hope, two of the programs with positive child impacts, had costs within the range of some of the actual welfare reform packages implemented by states in response to the 1996 legislation. The average costs for a participant in the NEWWS labor force attachment and human capital development group were \$1,550 and \$4,700, respectively. The costs of MFIP ranged from \$1,900 to \$3,800, depending on the type of recipient family. Owing to intensive case management, Florida's FTP cost totaled nearly \$8,000 over a five-year period. New Hope was the most expensive program, at roughly \$4,000 annually per program group member over the two-year period.

It would have been extremely useful if the experiments had provided evidence on what particular program components (such as earnings supplements, child care assistance, health insurance) mattered the most. Regrettably, they did not. With positive child impacts found in both the program that only provided a cash earnings supplement (the SSP) and the programs that provided a package of diverse benefits (such as New Hope), it appears

that the amount rather than the nature of the increase in family resources matters the most.

Federal policies that support work include funding of the child care block grant, expanding coverage and takeup (actual use) of health insurance for children, and expanding the Earned Income Tax Credit. For states, the challenge is to use TANF and other dollars to fashion support packages that best meet the needs of local populations, labor markets, and politics.

Safety Net Programs

With plunging caseloads capturing most of the publicity about welfare reform, states have only recently begun to pay attention to families facing major barriers to employment (see Zedlewski and Loprest, chapter 12). Maternal depression, physical disabilities, domestic violence, very low levels of skills, and a need to care for other family members who are disabled or ill are common and difficult problems. The magnitude of caseload declines belies fears that large numbers of families are unable to make at least temporary transitions from welfare to work. Yet the experiments reveal that significant numbers of families have problems that are not solved even by generous configurations of work supports. In other words, *for a substantial number of low-income families in our nation, work mandates and supports are not sufficient to foster children's development.*

Since the experimental evidence we review provides little guidance on needed policy responses to these kinds of problems, we note only that possible responses include programs focused on employment (such as supported work arrangements and postplacement trouble-shooting) and safety net programs (Medicaid and food stamps) for families struggling to comply with work-oriented reforms. The former set of programs are described by Zedlewski and Loprest in this volume; strategies for addressing low takeup in the Medicaid and food stamp programs are detailed by Greenstein and Guyer in this volume.

Address Developmental Needs

We are disturbed by the fact that both "children" and "families" are treated as homogeneous entities in the welfare reform rhetoric and by many policies, when in fact families have diverse needs that change as children develop. Research suggests that the development of older children, especially adolescents, is less sensitive to family economic resources and more strongly influenced by the affection, supervision, role modeling, and mentoring from the adults in their lives. There was troubling evidence from two of the experiments that welfare reforms may increase problem behavior among adolescents. After-school and community-based programs would help support

working parents' efforts to keep their children focused on school achievement and positive behavior. *Maternal employment creates a need for after-school and community programs that provide supervision and mentoring for preadolescent and adolescent children.*

Indeed, a striking result from the New Hope experiment was that program parents used the extra New Hope resources to secure after-school care and community-based activities for their school-aged boys (Bos and others, 1999). In ethnographic interviews, mothers worried about the temptations of gangs and the drug trade for their boys and appeared to use these programs to counter them.

Only one of the experiments, the Canadian Self-Sufficiency project, assessed impacts on very young children, those aged 0–2 years at the time of program enrollment. In contrast to the favorable picture for somewhat older children, no impacts were found on achievement and behavior thirty-six months after enrollment (Morris and Michalopolous, 2000). It is unwise to generalize from a single source of data, although other studies have shown that very young children may be more vulnerable than older children to the ill effects of an employment-induced separation from their mothers. The economic changes wrought by reforms are probably also more important for very young children than for older children given their apparent greater sensitivity to spells of economic deprivation (Duncan and others, 1998) and the significance of the early years for healthy development later on (National Research Council, 2000).

An implication for policy is that states should be aware of the differential consequences of their policies on children of different ages. Time limits, sanctions, and categorical restrictions may be more detrimental to families with very young children, as may work requirements for mothers in the first months of their children's lives.

Intriguing evidence from at least one of the experiments suggests that welfare reform packages can encourage the formation and continuation of two-parent families. Many existing policies discourage fathers from residing with or providing financial support for their children (see Horn and Sawhill, chapter 16). Financial and time inputs from both parents are crucial to the healthy development of children. In their zeal to ensure that fathers meet their obligations to provide financial support for children, *policies should not discourage fathers from residing with or in other ways spending time with and providing financial support to their children.*

It is also important to emphasize the benefits of delaying the onset of parenthood itself. An ardent hope of welfare reform proponents was to "send a message" to teens at risk of early parenthood. As teen births fall, which they

have done over the past decade, more children will be born to more mature and economically self-sufficient parents (see Murray, chapter 5).

We close with two calls to policymakers, advocates, and policy analysts. First, do not assume that meeting children's developmental needs depends only on whether their mothers make successful transitions from welfare to paid employment. The public discourse needs to be broadened beyond caseloads and maternal employment to address the larger issues of children's poverty and the very different developmental needs of children of different ages.

Second, abandon the search for a single answer to how welfare reforms are affecting children's well-being. Reforms will simultaneously help some children and hurt others. It is the distribution of impacts—both good and bad—that will tell the complete story of welfare reform's impacts on children. We need to know which families and children will profit from which components of welfare reform and why; which parents will adapt only if additional work supports are provided; and which children will be at high risk. It is the collection of diverse programs to address the equally diverse needs of children of different ages and in different family circumstances that will determine whether welfare reform accomplishes its lofty goals.

COMMENT BY

Eugene Steuerle

Although welfare is commonly associated with Temporary Assistance for Needy Families (TANF) or its predecessor, Aid to Families with Dependent Children (AFDC), that program makes up only a tiny portion of the federal income assistance budget. What made welfare reform possible in the mid-1990s was in no small part the shrinking importance of AFDC since the mid-1970s (relative to national income) and the rising importance of other income support programs—especially the Earned Income Tax Credit (EITC).

One difficulty with assessing the impact of any single welfare initiative is that it interacts with so much else, not just other public programs but the economy itself. But just as the income assistance budget is a constantly moving target, so also are the many programmatic and societal changes affecting children. Nonetheless, Greg Duncan and Lindsay Chase-Lansdale have addressed as best they can the central question: what is happening to children's well-being as a result of welfare reform?

Duncan and Chase-Lansdale take what are perhaps the only feasible approaches to evaluating the impact of one policy change that has not even experienced one full economic cycle. First, they appeal to rough national measures of the well-being of children in recent years, regardless of cause. These data allow them to conclude that children do not seem to be significantly worse off in a post-welfare reform world. Some even seem to be better off. Second, they try to draw inferences from other more controlled experiments. These experiments are among the few that were designed to track changes in children's behavior and educational success.

Many years ago the economist Robert Lampman tried with limited success to get policymakers and researchers to extend the focus on poverty beyond income poverty and toward its many other dimensions. The analysis by Duncan and Chase-Lansdale is in this tradition. Sometimes its most relevant findings are simply reminders of the difficulties involved. For example, they remind us that half of the mothers in one experiment reported having been abused during the three-year course of the experiment.

Duncan and Chase-Lansdale conclude that resources matter. Again on the basis of the experiments, they find that programs with the most generous work supports appear to have more consistently positive impacts on children than programs with no support. Although I have no quarrel with that conclusion, the data leave one begging for more. In particular, there is not enough information to trace the marginal impact of marginal changes in program design. This issue rises extraordinarily in importance when one is thinking about national changes based on experimental designs.

I return to the debate over whether the mid-1990s welfare reform or the expanding economy caused greater work effort. Either way, one conclusion that is hard to avoid from the late 1990s is that people do seem to respond significantly to incentives. That is, both changes—welfare reform and an expanding economy—increased the differential between the rewards for working and those for not working. In some combination, welfare reform and the growing economy seem to provide the most likely explanation for the remarkable rise in work among low-income women with children (see Blank and Schmidt, chapter 3).

Just as we ideally want to know the income and incentive effects of different program designs on work behavior, so also do we want to understand their effects on other behaviors in the family. Welfare reform and many experiments, for instance, generally do not remove the powerful disincentive for marriage among low-income individuals. Nor do they always, as Duncan and Chase-Lansdale remind us, give children more time in nurturing envi-

ronments. Thus we want to know what types of incentives and resources respond to these family needs—in particular, time spent by children in a nurturing environment or at least in adult-supervised activities.

A final difficulty with assessing welfare reform is figuring out what happens to the population as a whole. We cannot find that answer simply by looking at a fixed population of beneficiaries. The success of welfare reform is going to be largely determined by two items not yet measured: what is happening among those who are not currently welfare recipients, and what the long-term impact on recipients themselves is, especially once they leave the rolls. This is all the more true if there is only a modest change in well-being among children of welfare recipients in the short run, which seems to be what Duncan and Chase-Lansdale conclude.

For those who are not current recipients, we want to understand the trends in a wide range of behaviors: frequency of out-of-wedlock birth, educational attainment, marriage and commitment rates, job attachment, and much else. This is the fundamental question of whether certain types of welfare breed dependency among those not yet in the system, not just nurture dependency for those already in it.

As for those already in the system, we are especially concerned with long-term impacts over years and decades, not just a year or two of experiments. Pessimists should be reminded of the power of compounding. If increases in work effort simultaneously produce an additional social return of 1 percent, that additional social gain may at first be virtually unmeasurable but could be quite dramatic after many years of compounding.

Unfortunately, the data and the studies now available do not make policy conclusions easy. Not much is known about the marginal effects of particular alternative types of spending: health insurance, travel assistance, or assistance in finding jobs. Much less do we get some indication of whether marginal dollars might be spent even better on community programs that provide supervision and mentoring for children. For their own policy conclusions, Duncan and Chase-Lansdale draw on evidence of some improved social welfare in experiments that provided substantial work supports and on the potential decline in productive behavior by adolescents for whom the mother's work may decrease adult involvement or supervision.

Dodged, however, in the welfare approach is the more fundamental issue of how far one can go toward providing higher and higher levels of support only to welfare recipients—or even of providing some benefits, such as child care or job assistance, to a limited number of others. Policymakers must be concerned about how much a particular benefit package that is available only to a small subset of the population affects the behavior of others. Moreover,

there is also a standard of equal justice under the law, or horizontal equity. This standard calls into question programs in which workers with equal pay and equal needs get different treatment from the government. Thus the larger the additional support built into a welfare system or into block grants that provide assistance to a select few, the more the question of how to construct a more universal program applies.

These considerations lead me to suggest one policy that I believe would be effective. It is also expensive and requires thinking outside the “welfare box.” It is one that builds off the notion that society now expects work and productive contributions from all families, but it also coincides with one of Duncan and Chase-Lansdale’s observations: that positive gains derive from activities in which adults are present with children as mentors, supervisors, or parents.

The policy I envision for children is one that starts with the child rather than the adult. The policy would call for a personal plan to be put in place and updated continually for every child in a community. This plan would attempt at a minimum to ensure that each child is engaged in adult-supervised activities throughout the day—not just in school, but also after school and throughout the summer. That supervision could be in the home, where possible, but it would also be formally available through enhanced educational opportunities, jobs, and extracurricular activities. Rather than trying to develop a one-size-fits-all package, communities and parents should together develop a variety of productive activities. Given what we know about development and about when bad things happen to children and adolescents, such a plan would considerably improve children’s well-being and educational attainment while reducing crime rates and out-of-wedlock births. As a by-product it would address most child care needs. Adult programs, in turn, could focus on what they do best, providing job support through such items as the EITC and assistance in finding jobs. Both together would reduce even further the need for welfare supports, however structured.

In sum, the incentives of various welfare reforms—both those that decrease support for adults who do not work and those that increase support for adults who do work—have a significant effect on work behavior. But these reforms are aimed only indirectly at the family or the child via the work incentive door. They often impose large marriage penalties, and they often ignore what children are doing with their time. My opinion, based partly on the issue of equal justice and universality and partly on research findings on changes in children’s behavior and well-being, is that children’s issues are not likely to be solved within the welfare box. Eventually our society is going to have to ask itself just how our children are spending their time, and it will

have to move beyond a model of engaging them only at times when they are not needed to do chores on the farm.

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